

# Liquor Control News

The Michigan Liquor Control Commission Bi-Monthly Newsletter



## Chairman's Corner

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Hello, and thank you for taking a few moments to read this newsletter.

I was appointed by Governor Rick Snyder to serve as Chairman of the Michigan Liquor Control Commission in June 2011, and it is truly humbling to be asked to serve in this capacity. I am honored to work with such fine individuals as Commissioners Ed Gaffney, Colleen Pobur, Teri Quimby and Don Weatherspoon, as well as a talented and capable team.

Governor Snyder is dedicated and focused on reinventing Michigan government to be more responsive to our citizens, to be supportive of an environment which fosters and encourages businesses to grow and create jobs, and protecting the health, safety and welfare of the people of this great state. I am proud to be a part of this effort.

Since I was appointed on July 5, 2011, we have been moving aggressively to change our processes and procedures here. We have focused on implementing these key priorities:

- (1) a process of decision-making, governing and operating based on what the statutes and the promulgated rules of the state allow – and don't allow,
- (2) simple, fair, predictable and certain processes for licensing and permitting,
- (3) open and accountable governance and operations,
- (4) a culture that fully enforces the laws of the state while fostering an environment in which we work with our licensees and the regulated community to identify problems and develop solutions together,
- (5) an understanding that Orders of the Commission mean what they say and are based soundly in statutory and rule provisions, and
- (6) an environment in which MLCC team members are able to share their ideas and provide input.

A lot has happened since July, and we have a lot to do. So we hope you enjoy this first newsletter. We will produce these throughout the year so that we can effectively communicate with you on what is going on at the Commission. We will also be preparing podcasts to help you stay up to speed on our efforts. So be on the lookout for future newsletters and podcasts!

Cheers!

Andy

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## MLCC on Track for Improved Licensing Process *New Changes on the Licensing Process to begin April 1, 2012*

Effective April 1, 2012, significant reforms will take effect designed to simplify, and shorten the license application process.

The Michigan Liquor Control Commission (MLCC) is changing the licensing process by having all license applicants go directly to their local unit of government or local law enforcement agency for approvals where they are required by law. Currently, applicants apply to the MLCC and then wait for the MLCC to submit the necessary approval forms to the local governmental unit and local police agency. This change puts the applicant in charge of the process, and cuts out the “middle man.”

Applicants may go directly to their local unit of government for the required approvals as well as apply to the MLCC at the same time if they so choose. However, applicants that apply to the MLCC having all their completed forms – including required local approvals – will be ready for immediate processing and faster review by the Commission.

One of the big benefits to the change, in addition to giving the applicant more control, is the simplification and reduction of forms. There will be three simplified forms that must first be filled out completely prior to the application process starting:

- Application for New Licenses, Permits, or Transfer of Ownership or Interest in License;
- Local Government Approval Form;
- Police Investigation Recommendation Form.

All three forms can be found on the MLCC website’s home page, under the “News & Updates” section at [www.michigan.gov/lcc](http://www.michigan.gov/lcc).

“This change is part of our ongoing efforts to modernize, streamline and simplify the license application process,” said Andy Deloney, Chairman of the MLCC. “Shortening waiting times, simplifying and reducing forms, removing burdens and hurdles, and giving applicants more control and certainty during the application process are the things we are focused on.”

As part of the Michigan Department of Licensing and Regulatory Affairs (LARA) “customer driven, business minded” philosophy, the MLCC and its licensing staff team participated in a licensing improvement process to help make the licensing process simple, fair and efficient for all applicants.



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## Michigan Liquor Control Commission Continues to Improve Licensing Procedures (MLCC continues to be Customer Driven. Business Minded.)

The Michigan Liquor Control Commission today announced additional reforms that will simplify and shorten the licensing process. Effective immediately, licensing, service and franchise agreements are no longer required unless the licensee is leasing, selling or transferring possession of a portion of the licensed premises to the servicing party. If there is no leasing, selling or transferring of the licensed premises, these agreements do not need to be submitted or reviewed as a part of the licensing or enforcement process.

“The Commission and our Licensing Division staff have been working diligently on improving the licensing process to be more customer friendly, these changes are significant, not only for licensees but for MLCC employees,” said Andy Deloney, Chairman of the MLCC.

Administrative Rule 436.1023(3) provides that a licensee shall not lease, sell, or transfer possession of a portion of the licensed premises without the prior written approval of the commission.

The following are lists of common agreements currently submitted and reviewed in connection with licensing requests:

### Licensing Agreements

- Banks and credit unions
- ATM's
- Sushi bars
- Cell phones
- Barber shops
- Hair salons
- Dry cleaners
- Film developing
- Photo studios
- Health care clinics

- Shoe repair
- Shoe stores
- Coffee shops
- Key makers
- Jewelers and jewelry carts
- Nail care salons
- Driving schools
- Packaging and shipping businesses
- Pay phones
- Pharmacies
- Optical businesses
- Video rentals

### Service Agreements

- DNR (fishing, hunting licenses)
- U.S. Post Office
- Ticket sales
- Lottery sales
- Traveler's Express
- Western Union/Money Orders
- Coin sorting machines
- Vending machines
- Rug doctor/carpet cleaner rentals
- Crane games
- Pool table and video games
- Propane sales
- Health literature information

### Franchise Agreements

- restaurants/fast food

“We will no longer be burdening our customers - licensees and applicants - with these unnecessary and time-consuming requirements,” said Deloney. “More changes are coming, and soon.”

## APRIL IS ALCOHOL AWARENESS MONTH



April is Alcohol Awareness Month in Michigan, and the Michigan Liquor Control Commission (MLCC) is encouraging all local communities to take this time to focus on the consequences of underage and binge drinking in their communities.

Alcohol Awareness Month is intended to educate people and communities about the consequences of alcohol-related problems. One in three students report they have consumed alcohol at least once by the end of eighth grade and seven out of ten students have done so by the end of high school. That is, 33% of eighth grade students, 56% of tenth graders, and 70% of twelfth graders report they have tried alcohol at least once in their lifetime. These figures represent a decline in lifetime alcohol consumption among students in all three grade levels. (Source: University of Michigan, *Monitoring the Future, 2011*)

According to the Century Council ([www.centurycouncil.org](http://www.centurycouncil.org)), some

important basic facts about underage drinking:

- America's young people choose alcohol more so than any other product they are prohibited by law from having, more than tobacco or illicit drugs;
- 17% of 12-20 year olds report binge drinking in the past month;
- 35% of teens cite drinking and driving as a top social concern;
- 42% of full time college students report binge drinking.

"The commission understands that we are a critical component to the hospitality and tourism industry, and we need to balance that with our role as regulators of state laws and Commission Rules which address selling/serving minors and overconsumption," said Andy Deloney, Chairman of the MLCC. "We are sensitive to the issues of economic development, job creation and growing the economy and revenue and how they all are intertwined. We promote good, safe and responsible business practices. Our licensees are encouraged to be better educated, and arm themselves with all the tools available to be a successful, yet responsible business."

## Michigan Liquor Control Commission Reminds Licensees about the Importance of Renewing Liquor Licenses on Time



Liquor license renewal season is quickly approaching and the Michigan Liquor Control Commission (MLCC) is stressing the importance of renewing on time. Renewal packages will be mailed March 1, 2012 and all licenses are to be renewed by May 1, 2012.

All licenses expire on April 30 of each year and new licenses are to be displayed on the licensed premises by May 1 in order to continue to sell or serve alcoholic beverages and be in compliance with Section 501 of the Liquor Control Code and Rule 436.1107. The completed and signed original license renewal form and the required license fee must be received by the MLCC before April 15 to ensure that the renewed license is received by May 1.

“The Administrative Commissioners and I have spent quite a bit of time discussing the licensing renewal process, and how critical it is that liquor licenses be renewed on a timely basis, and that licensees understand the consequences of not renewing on time,” said MLCC Chairman Andy Deloney.

Consequences of not renewing on time consist of:

- the inability to purchase spirits;
- the inability to sell or serve alcohol;
- notification to MLCC enforcement staff and local law enforcement agencies of the non-renewed licenses will be sent.

“Online Renewal is available at our website. It’s quick and easy! We also have a great staff that is here to help and answer any questions,” stated Deloney. “There’s no reason not to renew on time.”

## Licensing Staff Honored by LARA Executive Staff (LARA Patent No. 2012-2 was awarded to Licensing Staff)

The Department of Regulatory Affairs (LARA) Executive Staff awarded LARA Patent No. 2012-2 to MLCC employees on February 29, 2012 for the Creation of MLCC “Consent Agenda” for Permits. The Reinvention Patent Program encourages and recognizes employees/inventors who identify creative ideas and innovations that are implemented to improve and simplify work processes that support our common philosophy “Customer Driven. Business Minded.”

Every day at work, we have processes that frustrate us because they take one, two or even more steps that are simply unnecessary. By eliminating unnecessary steps, we are not only making our individual lives easier, but we are saving taxpayer money from time being spent on non-value added work.

Previously, an application for even simple kinds of licenses, permits and approvals would go through the traditional process of consideration for approval, which, despite them being relatively simple and uncomplicated, could take several weeks or longer. This was despite the fact that statute or rules required only the submission of a completed application and fee for many of them. This speeds up the time for not only licensee but for staff also. Rather than taking weeks or longer, it now takes a day to get an approval.



Back Row L to R: Dep. Dir. Rob Nederhood, Jackie Anthony, Jane Martin, Julie Robinson, LARA Director Steven Hilfinger, MLCC Chairman Andy Deloney  
Front Row L to R: Sara Weber, Lisa Shanahan, Ashleigh Harper, Licensing Director Sharon Martin

## IMPORTANT INFORMATION FOR LICENSE ESCROW FEES

**E**ffective May 1, 2012 the Commission will be enforcing the fee requirements as set forth in administrative rule R 436.1107 regarding escrowed licenses.

Administrative rule R 436.1107 requires a license that is not in active operation to be placed in escrow. A licensee may place a license into escrow for a total of five (5) licensing years. During these five (5) years, the Commission must receive renewal information and payment for a license held in escrow in the same manner as an active license, including payment of all required license fees, each year by April 30.

If the license is not put into active operation within the five (5) years, then the Commission will terminate all rights to the license unless the Commission has received written verification of either of the following:

- That the license or an interest in the license is the subject of litigation or estate or bankruptcy proceedings in a court of competent jurisdiction.
- That the license was placed into escrow as a result of damage to the licensed premises by fire, flood, tornado or other natural event that makes the licensed premises unsuitable for the operation of the business and unsafe for public accommodation.

Upon receipt of written verification of court proceedings or of damage as described above, the Commission is authorized to extend the escrow beyond the five (5) years. If the Commission does extend the escrow beyond the five (5) years for these reasons, then the Commission must receive the license fees accruing beyond the five (5) years for each elapsed licensing year before the license can be placed in active operation.

[NOTE: The licensee does not need to pay the licensing fees for the period of elapsing time between the end of the initial five (5) years of escrow and during the pendency of the court proceedings or the repair of the damage. The Commission must receive payment of all accrued license fees before the license can be placed in active operation.]

Further, the Commission is authorized to extend the escrow period for a license after a showing of good cause by the licensee. If the Commission grants a “good cause” extension, then the Commission must receive renewal information and payment in the same manner as an active license, including payment of all required license fees, each year by April 30. The Commission will terminate all rights to a license if the license is not renewed in the same manner as an active license during the entire escrow period.

The Commission reminds licensees that if a license is placed in escrow, then the licensee has the responsibility to provide the Commission with current contact information, in writing, for all correspondence, which includes the name, mailing address, and telephone number.

Please contact the Commission’s Licensing Division at (866) 813-0011 if you have any questions. (Bulletin #2012-4)



As one of 17 control states, the Michigan Liquor Control Commission’s guiding philosophy is to make alcoholic beverages available while regulating their sale and distribution in order to protect the rights and interests of Michigan citizens. The Commission believes this can be accomplished most effectively through selective licensing and strict enforcement. The observance of all liquor laws and the rules of the Commission is in the best interest of everyone—the public, the licensees, and the alcohol beverage industry.

